



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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SCAMMING ELDERLY NETS JAIL TIME FOR INSURANCE AGENT

Lawson once lived in high style with investor money, now sees inside of prison cell

PHOENIX – On May 31, John Herman Lawson, 48, formerly of Phoenix, was sentenced to five years in prison for theft of \$1,884,921 from 32 elderly investors. Lawson pled guilty to two felony counts of theft and agreed to pay the nearly \$2 million restitution to his victims. Judge Jeffrey S. Cates of the Maricopa County Superior Court imposed the five-year sentence and an additional seven-year probation following Lawson's release from prison. Lawson is currently serving time in a state penitentiary.

A sweeping investigation by the Arizona Corporation Commission's Securities Division led to a 1999 Commission order to repay investors \$3,362,579.08 for the fraudulent sale of promissory notes. The Commission also imposed a penalty of \$50,000.00 against Lawson and his Chandler-based company. Ultimately, the Arizona Attorney General's Office prosecuted Lawson under criminal law. The Attorney General's case involved some of the same victims but a narrower time frame than covered by the Commission's administrative law case.

The Commission's case proved Lawson preyed on the elderly, many of whom did not understand what they were investing. He was a licensed insurance agent who initially solicited investors to purchase "living trusts." Lawson then offered insurance products, such as fixed annuities, to buyers of the trusts. Typically, these annuities had high fixed rates of return initially, but the return would drop after the first year. When clients complained about the lower rates of return, Lawson suggested that the investors purchase the promissory notes.

Lawson gave investors false information as to how the proceeds of the promissory notes would be used. In fact, Lawson used investor money to pay for his business expenses and personal amenities, including a luxury yacht. The Arizona Corporation Commission placed liens on the yacht and secured

\$490,000 for investors when it was sold.

The Corporation Commission's Securities Division recently listed unregistered insurance agents selling securities as one of the most prevalent problems facing securities regulators. Investors should investigate financial professionals and all investment opportunities for proper licensing and registration before investing. To do so, contact the Arizona Corporation Commission's Securities Division for more information at 602-542-4242, toll free at 1-877-811-3878, or by visiting the division's website at www.ccsd.cc.state.az.us.

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Note to Editors: Pati Urias is the media contact for the Arizona Office of the Attorney General at 602-542-8017.